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STATISTICAL BULLETIN

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The Conference Board

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COMMENT

* MEASURED ECONOMIC GROWTH MARKS THE SUMMER MONTHS
* DEMAND STILL GROWING MODERATELY
* OUTPUT GROWTH IS SLUGGISH
* BUSINESS SALES PLUMMET, SO INVENTORY PILES UP
* BUT, NEW ORDERS ARE STARTING TO TURN AROUND
* THE DOLLAR FALLS
* OUTLOOK * SECOND HALF PACE WON'T BE AS SLOW AS IN THE FIRST HALF

OVERVIEW: The latest evidence still shows moderate growth in demand but sluggish output gains. A strengthening in the ordering rate, however, may add some vigor to the troubled industrial sector. In fact, the Administration, Federal Reserve and most private **Economic Forecasts** are indicating that the pace of activity will quicken in the second half of this year. That opinion is not readily confirmed in either the business community or business statistics. The numbers show that the rise in total hours worked has slowed a bit. Operating rates are still low. Exports remain flat while importing was a little faster in June. Business sales fell sharply that month, resulting in a rise in inventory.

DOMESTIC MARKET MONITOR

The interesting labor-market development in July is not that unemployment stayed at 7.3% for the 6th month. Rather, it is that employment in goods-producing industries (about one-quarter of total, nonagricultural employment), did not decline for the 3rd month in a row. Nondurable jobs were up a little—mainly due to gains in textiles and apparel. Durable jobs fell again despite slim increases in lumber, furniture and stone, clay and glass. Construction employment recovered to its level of 2 months earlier. Mining remains depressed. Slight gains in a few industries for 1 month are not enough evidence to claim that job loss in goods production is bottoming out this Summer. It will be interesting to see if the August numbers help support that claim.

Employment gains were offset by a drop in hours worked. Total hours worked in manufacturing were virtually unchanged in July. Nonmanufacturing hours fell 0.4 percent. Total nonagricultural hours worked rose at a 2.8% annual rate in the second quarter. That's a little slower than the 3.3% in the first quarter. Further, the rise in hours in the second quarter exceeded the 1.7% rise in real output. Yet, labor productivity in the nonfarm, business sector rose by 0.5 percent.

There are mixed signals about where the labor market is headed. Initial unemployment claims are starting to climb. That suggests that some firms are still cutting production. The **Leading Employment Index**, however, and The Conference Board's **Help-wanted Index** are rising (see the chart on page 14). June's ad volume was back up to the March level and early returns to the July survey point to some addition gain. The ad data are a more positive signal than recent unemployment data.

WAGES AND INCOMES: Hourly earnings, adjusted for inflation, rose 0.2% in June—same pace as in the prior 2 months. That gain was achieved despite declines in the goods-producing sector and in wholesale trade. Total personal income, adjusted for inflation, rose 0.5% in June. Unlike prior months, that number is relatively unaffected by tax refunds or retroactive pay increases.

There hasn't been much change recently in consumer attitudes. The Conference Board's **Consumer Confidence Index** was only marginally higher in June and July. Household expectations for the next 6 months remain cautious. Specifically, they view the current employment situation as soft and expect no strong turn around in the near-term.

Consumer demand is still rising moderately. Total consumer spending rose 0.6% in June, about the same pace as recorded all through the first half of 1985. Retail sales, however, rose by only 0.4% in July—after declining by 1.8% over the 2 prior months. Service purchases, then, remain the driving force in consumer spending.

Domestic car sales have slowed. Foreign cars are up. New, domestic **Automobile Sales**, seasonally adjusted, were at a 7.8 million annual rate in July, not much above the 7.7 million rate in June. Sales had been in an 8 to 9 million range for 6 months prior to that. Foreign cars were selling at 2.9 million in July, same pace as in May and just a bit more than the June rate. That pace is significantly faster than it was earlier this year.

HOUSING: Both sales and starts have slowed just a bit. Single-unit sales were unchanged in June and remain below the pace set back in late Winter. Inventory of unsold new, single-family homes was marginally higher in June—still lower than 2 months earlier. Single-unit starts fell in June for the 3rd month—12% cumulative decline. Permits also

Ken Goldstein, Editor

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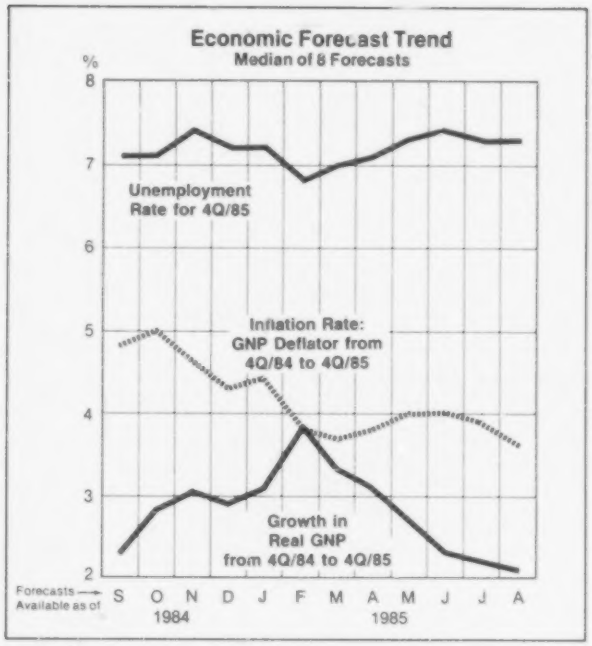


fell. Multiple-family starts rose in June but remain lower than 2 months earlier. Permits were virtually unchanged. Lower mortgage rates haven't given lift to home building or buying—as yet.

INVENTORY: A significant decrease in business sales in June—especially of durable goods at the wholesale level—resulted in a 0.4% rise in inventory. Wholesale stocks of durable goods rose 0.7% while sales plummeted by 7.5 percent. The ratio of inventory-to-sales, then climbed to 1.74—much higher than its level (1.65) 3 months earlier. Wholesale's nondurable stocks also rose sharply in June. The ratio there, however, remains below recent levels. That's true also for durable stocks at the retail level. Overall, stocks in June were still lower than 2 months earlier. Absent the unexpected drop in business sales, then, the general trend seems to be lower stocks.

Even subtracting out defense-related orders, the ordering rate appears to have quickened of late. After declining for 3 straight months, new factory orders, minus defense-related, rose 0.7% in May and 0.9% in June. Total durable orders rose 3.6% but even nondurable orders were up slightly in June. Orders for consumer goods, deflated, were marginally higher in June than 3 months earlier. Orders for nondefense, capital goods, deflated, rose a bit in the latest 2 months, following 2 big monthly declines. It will be interesting to see how much lift higher orders, especially for durables, give to production—and help bring down inventory stocks.

Production growth, while a little higher than originally estimated, remains slower than spending growth. Statisticians found that, among other things, production of computers and other business equipment was undercounted in the old figures. Revised data show that production has been rising between 0.1% and 0.2% per month all through the first half of 1985.

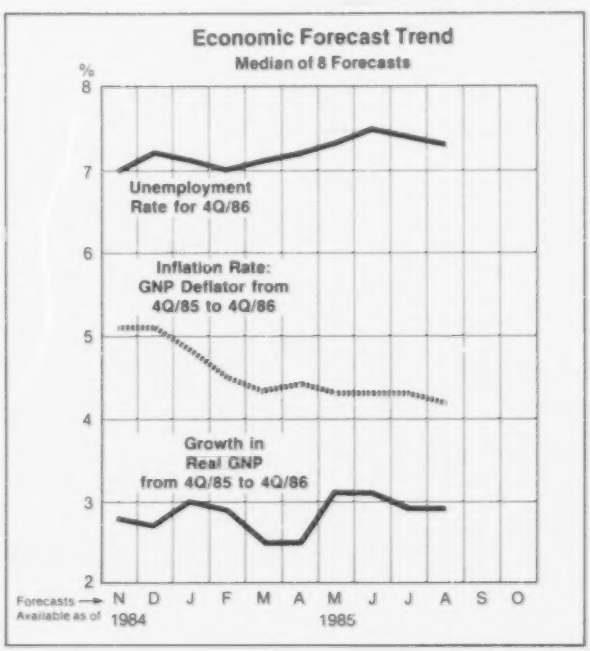
Small gains in production notwithstanding, operating rates were virtually unchanged in June. Capacity utilization for manufacturing remained unchanged despite a small rise in durable goods. Rates were a little higher for both mines and utilities.

INTERNATIONAL MONITOR

Imports were a little faster in May and June while exports were a little slower. The 2% rise in imports in the latest 2 months was more the result of higher shipments of petroleum and some raw commodities than shipping of finished goods—with the notable exception of cars from Japan and Europe. Exports slowed a bit in the latest 3 months mainly as a result of lower shipments of agricultural products—especially corn and soybeans. Wheat shipments, however, have increased.

Dollar depreciation was extensive and widespread in July. It was especially pronounced against the Swiss and French franc and the German D-Mark. The trade-weighted average **Exchange Rate** of the dollar against other major currencies was 125.8 (1980-1982 = 100) in July—or 25.8% higher than its base-period value. On this adjusted basis, the dollar has fallen by 10% since late Winter and is no higher this Summer than it was at this time last year.

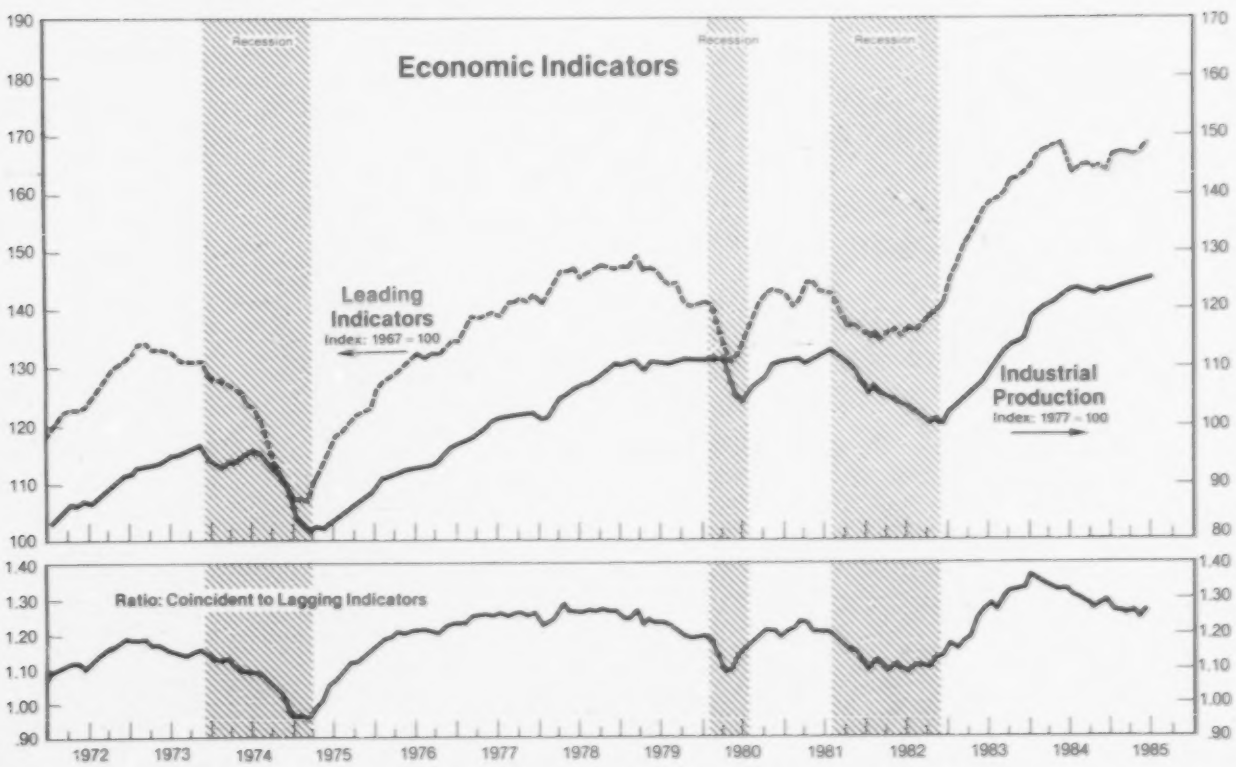
Ken Goldstein
August 15, 1985



STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over latest three months	Change From Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	June	X			+ 0.5%	+ 1.1%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	June		X		- 3.5%	- 3.8%
New orders, nondefense capital goods (deflated)	June		X		- 1.9%	- 3.2%
*New business formation	June		X		0.0%	- 1.4%
*Housing permits	June		X		- 1.7%	- 5.1%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	June		X		+ 0.3%	+ 1.3%
*Change in inventory, on hand & order (deflated)	May			X	- 8.8%	-34.2%
Purchasing agents' buying policy	July		X		- 1.0%	-11.0%
*Vendor performance, reported slower deliveries	June		X		- 2.0%	-22.0%
Industrial raw materials prices	July			X	- 6.6%	-14.3%
*Change in sensitive material prices	June	X			+ 0.8%	+ 0.1%
Sensitive Financial Flows						
*Money balance (M2 deflated)	June	X			+ 1.0%	+ 5.1%
Change in business loans	June		X		- 0.4%	-61.5%
*Change in credit outstanding	May		X		+ 2.1%	-12.7%
Change in consumer installment debt	May		X		+ 0.4%	- 0.6%
Profitability						
Total corporate profits, after tax (deflated)	1st Q			X	- 4.0%	-12.1%
*Common stock prices	July	X			+ 6.7%	+27.6%
Marginal Employment Adjustments						
*Average workweek, mfg.	July		X		+ 0.2hr	- 0.1hr
*Initial unemployment claims (inverted)	July			X	- 9.0%	-15.6%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington, D.C.: Government Printing Office) June, 1977.
*These twelve series make up the Composite Leading Index charted below.



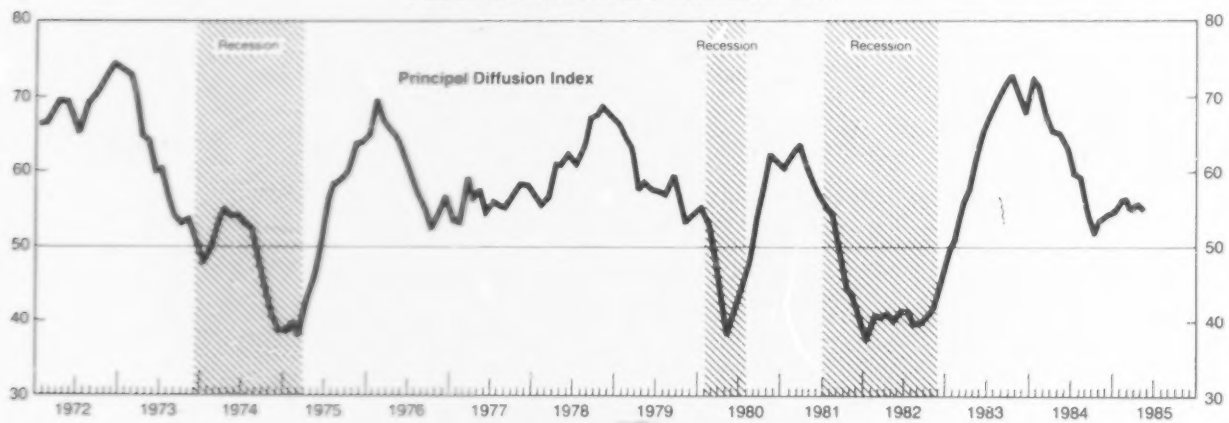
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1984 June	1985 Mar.	1985 Apr.	1985 May	1985 June (e)
Principal Diffusion Index	62.5	55.4	55.8	55.9r	58.8
Auxillary Diffusion Index	42.0	46.7	51.5	50.3	59.3
Industrial Group	61.7	52.8	50.3	54.0r	59.0
Nonindustrial Group	63.3	57.9	61.3	57.8r	58.5
Sense of Diffusion	1.0	1.0	1.0	1.0	1.0
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	59.0	51.5	48.7	53.6r	60.9
Labor	61.2	58.5	54.5	58.3	60.4
Miscellaneous	67.3	40.4	42.3	43.6	52.6
Nonindustrial Subgroups					
Prices	56.4	33.3	42.9	44.9	46.8
Consumer	80.3	78.2	76.5	70.1	64.5
Building	64.1	69.2	74.4	64.1	69.9
Miscellaneous	50.4	46.6	49.6	50.0r	52.8

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

e-estimate r-revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1982 Nov.	1983 Feb.	1983 May	1983 Aug.	1983 Nov.	1984 Feb.	1984 May	1984 Aug.	1984 Nov.	1985 Feb.	1985 May
	Score (scale 0-100)										
Measure of Business Confidence	60	70	76	75	74	70	65	61	57	61	52
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	44	65	76	82	80	76	75	70	57	62	48
2. Expectations for Economy, Six Months Ahead	70	76	78	74	73	67	60	57	57	61	53
3. Expectations for Own Industry, Six Months Ahead	65	70	72	69	70	67	61	57	58	61	55

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

Billions of Dollars, Seasonally Adjusted

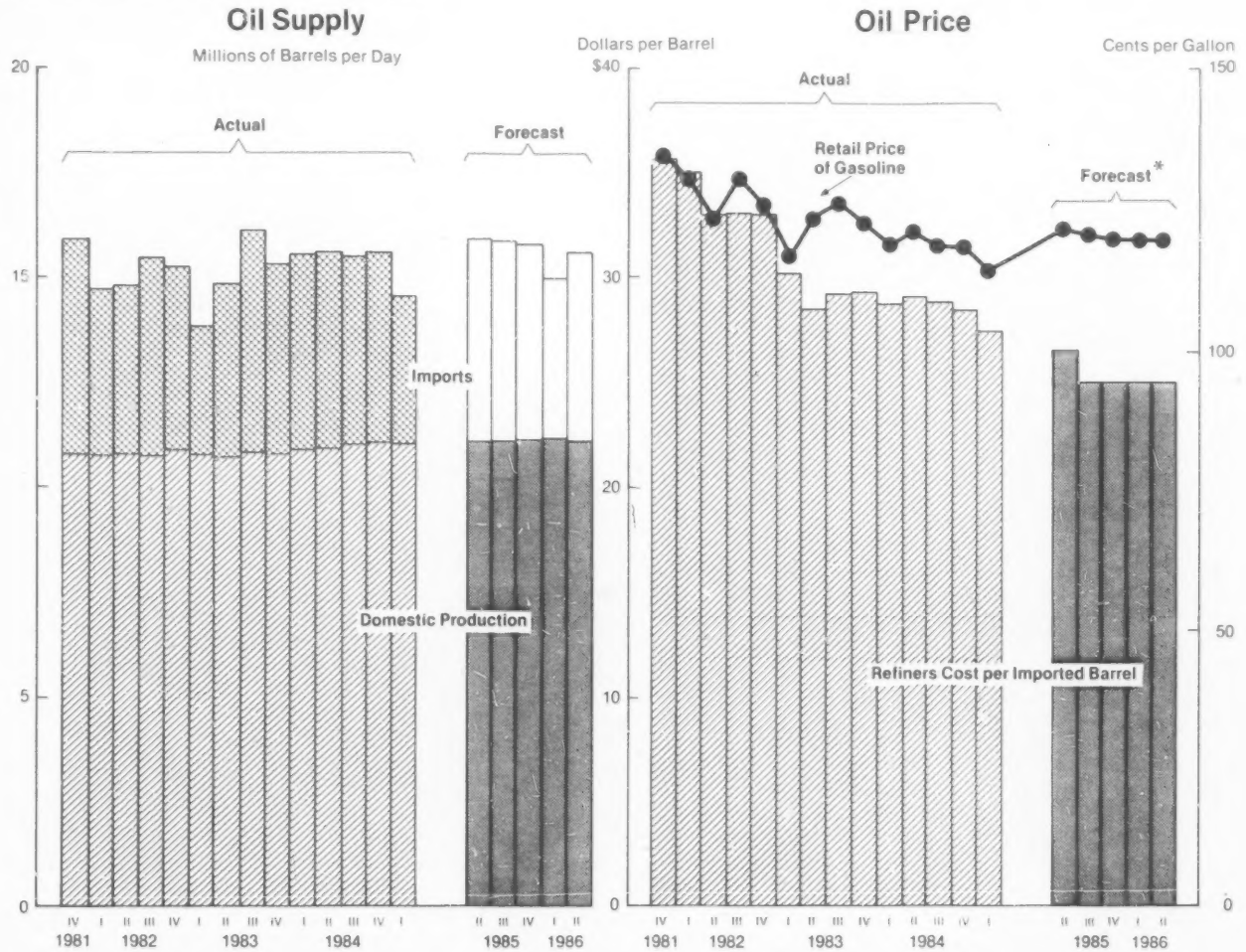
	1983		1984				1985	Percent Change From Previous Year	
	III	IV	I	II	III	IVr	Ip	1984 Actual	1985 Expected**
1000 LARGEST MANUFACTURING FIRMS									
New appropriations	22.785	24.262	26.816	37.154	27.592	29.190	30.506	32	3
Capital expenditures	18.244	19.560	19.905	21.808	22.924	24.875	23.346	19	17
Change in appropriations backlog*	+ 1.988	+ 0.928	+ 5.152	+ 13.867	+ 3.386	+ 1.748	+ 5.522		
Durable Goods									
New appropriations	9.119	11.024	13.662	21.216	12.617	14.938	17.269	59	22
Capital expenditures	7.667	8.727	8.714	10.033	11.031	12.463	11.296	33	14
Change in appropriations backlog*	+ 1.466	+ 0.819	+ 4.057	+ 10.843	+ 1.303	+ 1.100	+ 4.895		
Nondurable Goods									
New appropriations	13.666	13.238	13.154	15.938	14.975	14.252	13.237	12	17
Capital expenditures	10.577	10.833	11.191	11.775	11.893	12.412	12.050	9	19
Change in appropriations backlog*	+ 0.522	+ 0.109	+ 1.095	+ 3.024	+ 2.083	+ 0.648	+ 0.627		
ELECTRIC & GAS UTILITIES									
New appropriations	5.752	6.561	5.090	7.843	9.675	11.372	8.851	26	
Capital expenditures	8.922	8.676	8.737	8.859	9.019	9.170	8.653	1	
Change in appropriations backlog*	- 4.321	- 4.415	- 6.109	- 2.971	- 1.526	- 3.134	- 0.077		

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quartely reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

r—revised p—preliminary

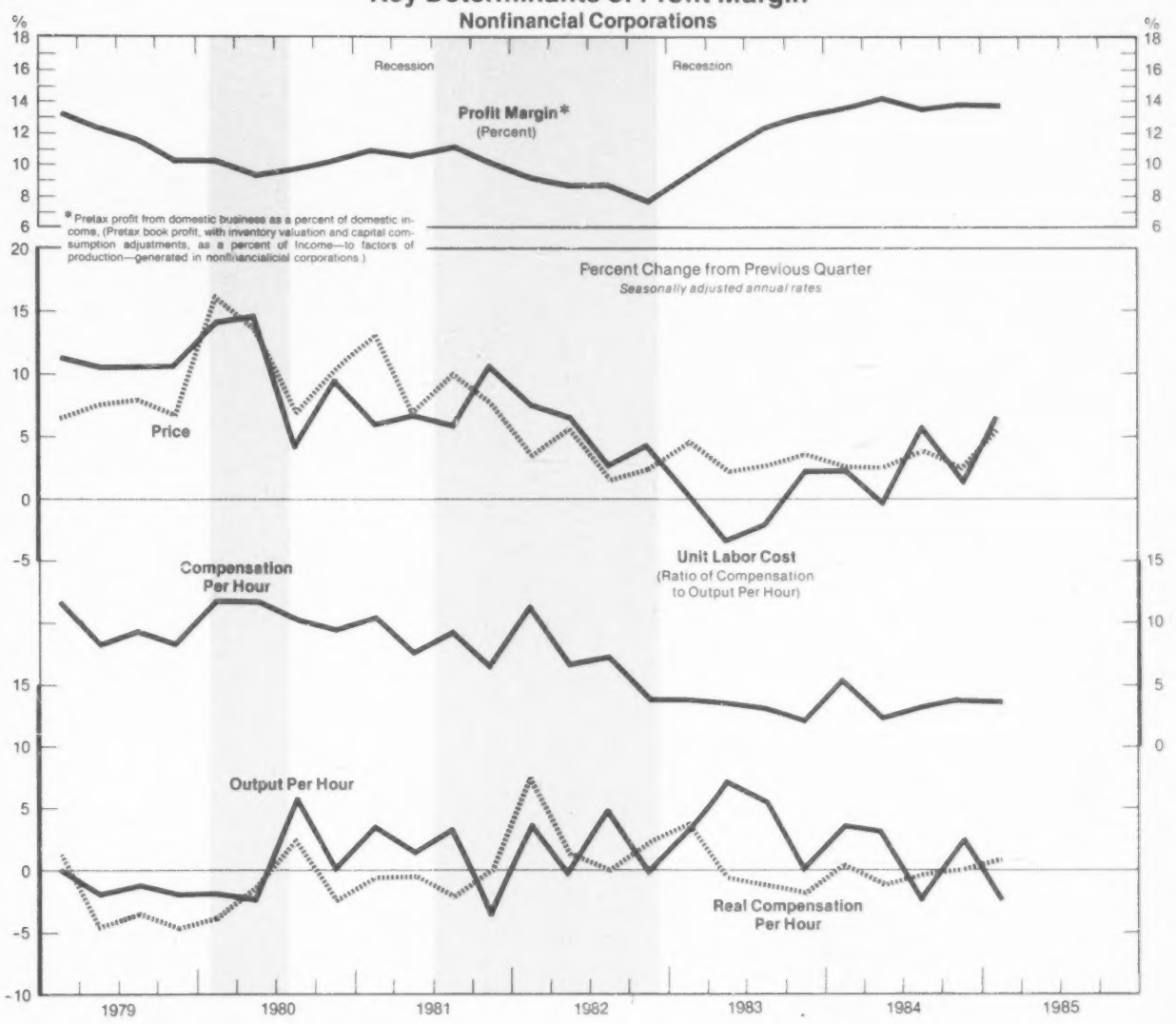
* Change in Backlog = New Appropriations—(Expenditures + Cancellations + Other Adjustments)

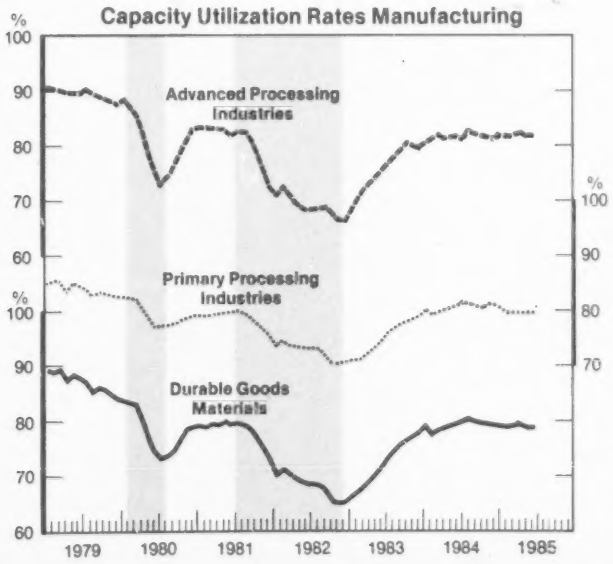
** Results based on survey respondents' expectations.



*Source: of Forecast is The Energy Information Administration; Department of Energy

Key Determinants of Profit Margin





ECONOMIC FORECASTS

			U.C.L.A.[1] Business Forecasting Project		Merrill Lynch[1] Economics Inc.		E.I. duPont[1] de Nemours & Co.		Georgia State University[1]	
Date of Forecast			*July 1985*		*July, 1985*		*July, 1985*		*July, 1985*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1985**	**II**	**$3853.5**	**4.6%**	**$3853.5**	**4.6%**	**$3853.5**	**4.6%**	**$3853.5**	**4.6%**
		III	3928.1	8.0%	3920.5	7.1	3891.5	4.0	3913.0	6.3
		IV	3995.3	7.0	3986.3	6.9	3964.8	7.7	3985.8	7.7
	1986	I	4063.9	7.0	4056.5	7.2	4027.1	6.4	4051.8	6.8
		II	4134.5	7.1	4135.6	8.0	4085.9	6.0	4106.8	5.5
		III	4208.7	7.4	4213.2	7.7	4155.3	7.0	4167.2	6.0
		IV	4286.4	7.6	4297.9	8.3	4230.2	7.4	4237.8	7.0
	1987	I	4379.9	9.0			4294.4	6.2	4304.6	6.5
		II	4465.6	8.1			4363.1	6.6	4390.5	8.2
		III	4545.3	7.3			4423.3	5.6		
	1985	Annual	3896.9	6.4	3892.7	6.3	3880.1	5.9	3890.7	6.2
	1986	Annual	4173.4	7.1	4175.8	7.3	4124.6	6.3	4140.9	6.4
Gross National Product Billions of Constant (1972) Dollars										
Actual	**1985**	**II**	**$1670.7**	**1.7%**	**$1670.7**	**1.7%**	**$1670.7**	**1.7%**	**$1670.7**	**1.7%**
		III	$1691.4	5.0%	1685.0	3.5	1681.0	2.5	1683.3	3.1
		IV	1705.1	3.3	1696.0	2.6	1698.0	4.1	1700.5	4.2
	1986	I	1718.4	3.2	1707.6	2.8	1710.0	2.9	1710.6	2.4
		II	1731.4	3.1	1722.3	3.5	1724.0	3.3	1715.5	1.2
		III	1745.0	3.2	1736.2	3.3	1735.0	2.6	1721.6	1.4
		IV	1759.0	3.2	1752.0	3.7	1748.0	3.0	1732.2	2.5
	1987	I	1776.1	3.9			1760.0	2.8	1738.2	1.4
		II	1790.3	3.2			1770.0	2.3	1753.4	3.5
		III	1801.6	2.5			1780.0	2.3		
	1985	Annual	1682.7	2.6	1678.8	2.4	1678.3	2.4	1679.5	2.5
	1986	Annual	1738.5	3.3	1729.5	3.0	1729.3	3.0	1720.0	2.4
Gross National Product deflator Index, 1972 = 100										
Actual	**1985**	**II**	**230.7**	**2.8%**	**230.7**	**2.8%**	**230.7**	**2.8%**	**230.7%**	**2.8%**
		III	232.2	2.8	232.7	3.5	231.5	1.5	232.5	3.2
		IV	234.3	3.6	235.0	4.1	233.5	3.5	234.4	3.4
	1986	I	236.5	3.8	237.6	4.3	235.5	3.5	236.9	4.3
		II	238.8	4.0	240.1	4.4	237.0	2.6	239.4	4.3
		III	241.2	4.1	242.7	4.3	239.5	4.3	242.1	4.5
		IV	243.7	4.2	245.3	4.4	242.0	4.2	244.6	4.4
	1987	I	246.6	4.9			244.0	3.3	247.6	5.0
		II	249.4	4.7			246.5	4.2	250.4	4.5
		III	252.3	4.7			248.5	3.3		
	1985	Annual	231.6	3.7	231.9	3.8	231.2	3.5	231.6	3.7
	1986	Annual	240.0	3.7	241.4	4.1	238.5	3.2	240.7	3.9
Unemployment Rate										
Actual	**1985**	**II**		**7.3%**		**7.3%**		**7.3%**		**7.3%**
		III		7.3		7.4		7.3		7.3
		IV		7.2		7.5		7.4		7.2
	1986	I		7.2		7.5		7.3		7.1
		II		7.1		7.4		7.3		7.0
		III		7.1		7.2		7.2		7.0
		IV		7.1		7.1		7.5		7.0
	1987	I		7.1				7.3		6.9
		II		7.1				7.2		6.8
		III		7.1				7.2		
	1985	Annual		7.3		7.4		7.3		7.3
	1986	Annual		7.1		7.3		7.3		7.0

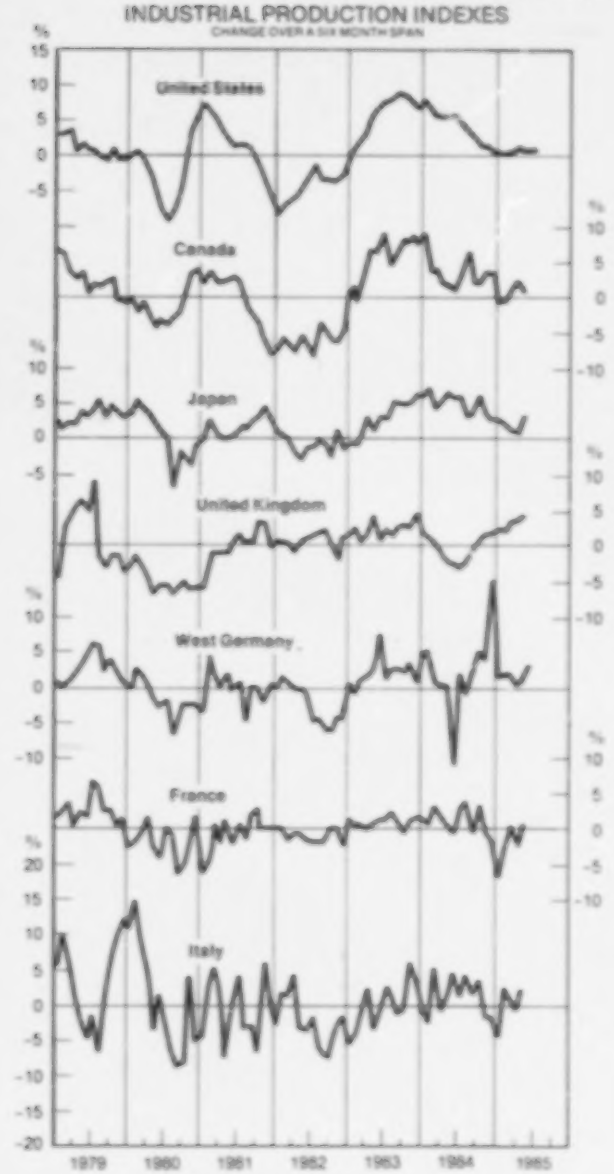
Notes: Percentage changes represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.
[1]Based on preliminary second quarter data.

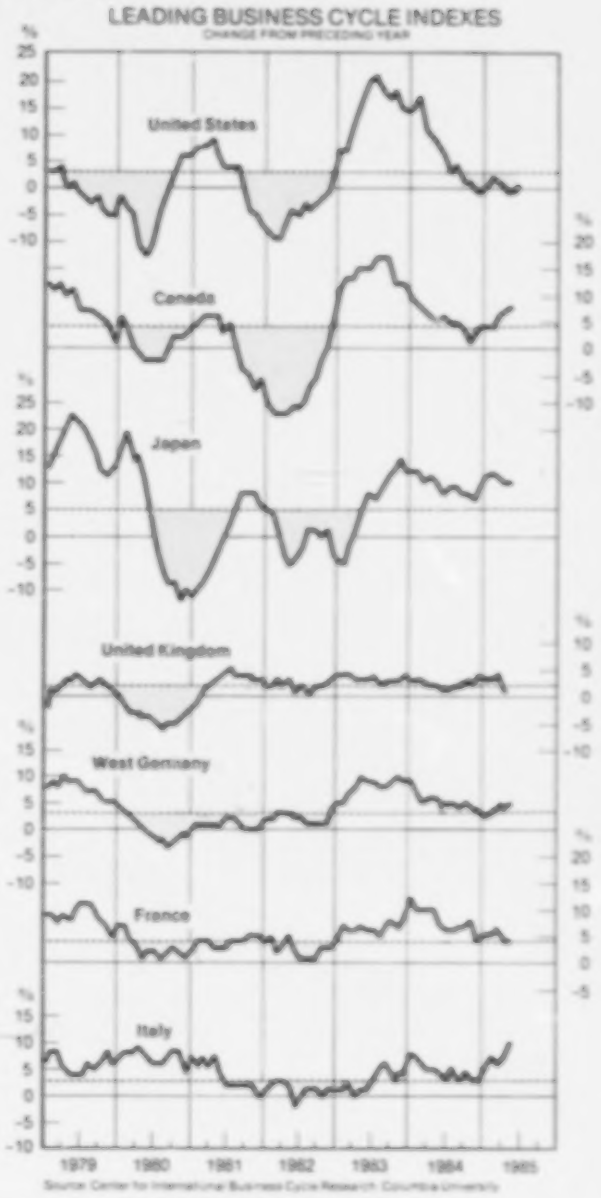
ECONOMIC FORECASTS (continued)

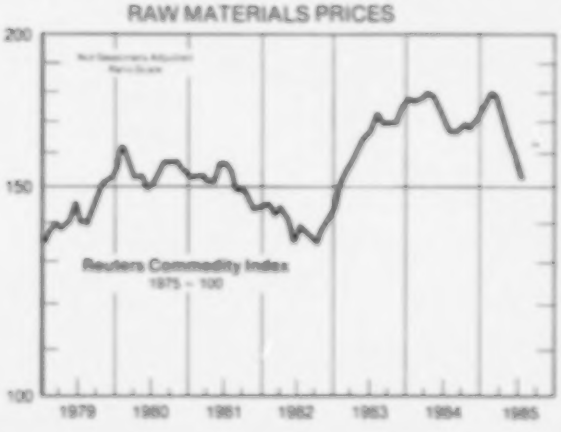
The Conference Board[1]		Chase Econometric Associates, Inc.[1]		Data Resources Inc.[1]		Wharton E.F.A., Inc.[1]		Date of Forecast		
July, 1985		July, 1985		July, 1985		July, 1985				
Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change			
								Gross National Product Billions of Current Dollars		
$3853.5	**4.6%**	**$3853.5**	**4.6%**	**$3853.5**	**4.6%**	**$3853.5**	**4.6%**	**II**	**1985**	**Actual**
3915.0	6.5	3922.8	7.4	3912.0	6.2	3925.6	7.7	III		
3968.0	5.5	3994.2	7.5	3964.3	5.5	3999.6	7.8	IV		
4033.0	6.7	4069.8	7.8	4018.5	5.6	4072.9	7.5	I	1986	
4101.0	6.9	4141.5	7.2	4075.8	5.8	4141.3	6.9	II		
4190.0	9.0	4196.2	5.4	4139.0	6.3	4215.1	7.3	III		
4273.0	8.2	4264.1	6.6	4216.5	7.7	4301.0	8.4	IV		
		4361.9	9.5	4310.2	9.2	4398.7	9.4	I	1987	
		4451.9	8.5	4398.7	8.5	4487.9	8.4	II		
		4549.5	9.1	4481.7	7.8	4571.5	7.7	III		
3886.6	6.1	3895.3	6.3	3885.1	6.1	3897.3	6.4	Annual	1985	
4149.3	6.8	4167.9	7.0	4112.5	5.9	4182.6	7.3	Annual	1986	
								Gross National Product Billions of Constant (1972) Dollars		
$1670.7	**1.7%**	**$1670.7**	**1.7%**	**$1670.7**	**1.7%**	**$1670.7**	**1.7%**	**II**	**1985**	**Actual**
1683.5	3.1	1681.7	2.7	1685.1	3.5	1686.6	3.9	III		
1691.4	1.9	1696.0	3.4	1693.7	2.1	1700.3	3.3	IV		
1703.9	3.0	1709.1	3.1	1702.9	2.2	1711.0	2.5	I	1986	
1716.5	3.0	1721.4	2.9	1712.5	2.3	1720.4	2.2	II		
1736.3	4.7	1725.5	1.0	1723.7	2.6	1732.4	2.8	III		
1751.4	3.5	1732.3	1.6	1739.5	3.7	1747.8	3.6	IV		
		1751.6	4.5	1758.4	4.4	1765.7	4.2	I	1987	
		1767.2	3.6	1774.8	3.8	1781.6	3.7	II		
		1783.4	3.7	1787.8	3.0	1794.3	2.9	III		
1677.3	2.3	1678.0	2.4	1678.3	2.4	1680.3	2.5	Annual	1985	
1727.0	3.0	1722.1	2.6	1719.7	2.5	1727.9	2.8	Annual	1986	
								Gross National Product deflator Index, 1972 = 100		
230.7	**2.8%**	**230.7**	**2.8%**	**230.7**	**2.8%**	**230.7**	**2.8%**	**II**	**1985**	**Actual**
232.6	3.3	233.3	4.6	232.2	2.6	232.8	3.7	III		
234.6	3.6	235.5	3.9	234.1	3.3	235.2	4.3	IV		
236.7	3.6	238.1	4.5	236.0	3.3	238.0	4.9	I	1986	
238.9	3.8	240.6	4.2	238.0	3.5	240.7	4.6	II		
241.3	4.1	243.2	4.4	240.1	3.6	243.3	4.4	III		
244.0	4.5	246.2	5.0	242.4	3.8	246.1	4.6	IV	1987	
		249.0	4.7	245.1	4.6	249.1	5.0	I		
		251.9	4.7	247.8	4.5	251.9	4.5	II		
		255.1	5.2	250.7	4.7	254.8	4.6	III		
231.7	3.7	232.1	3.9	231.5	3.6	231.9	3.8	Annual	1985	
240.2	3.7	242.0	4.3	239.1	3.3	242.0	4.4	Annual	1986	
								Unemployment Rate		
	7.3%		**7.3%**		**7.3%**		**7.3%**	**II**	**1985**	**Actual**
	7.3		7.4		7.3		7.2	III		
	7.3		7.6		7.4		7.2	IV		
	7.4		7.6		7.4		7.3	I	1986	
	7.4		7.5		7.5		7.3	II		
	7.1		7.5		7.6		7.4	III		
	7.1		7.5		7.6		7.5	IV		
			7.5		7.5		7.3	I	1987	
			7.3		7.5		7.2	II		
			7.1		7.5		7.2	III		
	7.3		7.4		7.3		7.3	Annual	1985	
	7.3		7.5		7.5		7.4	Annual	1986	

Please Note: In the interest of speeding the data contained in this publication to you, these series are available on-line through The Conference Board Data Base. For more information, contact Linette Stein Waters or Ken Goldstein at (212) 759-0900.

SELECTED INTERNATIONAL COMPARISONS







Foreign Exchange Rates

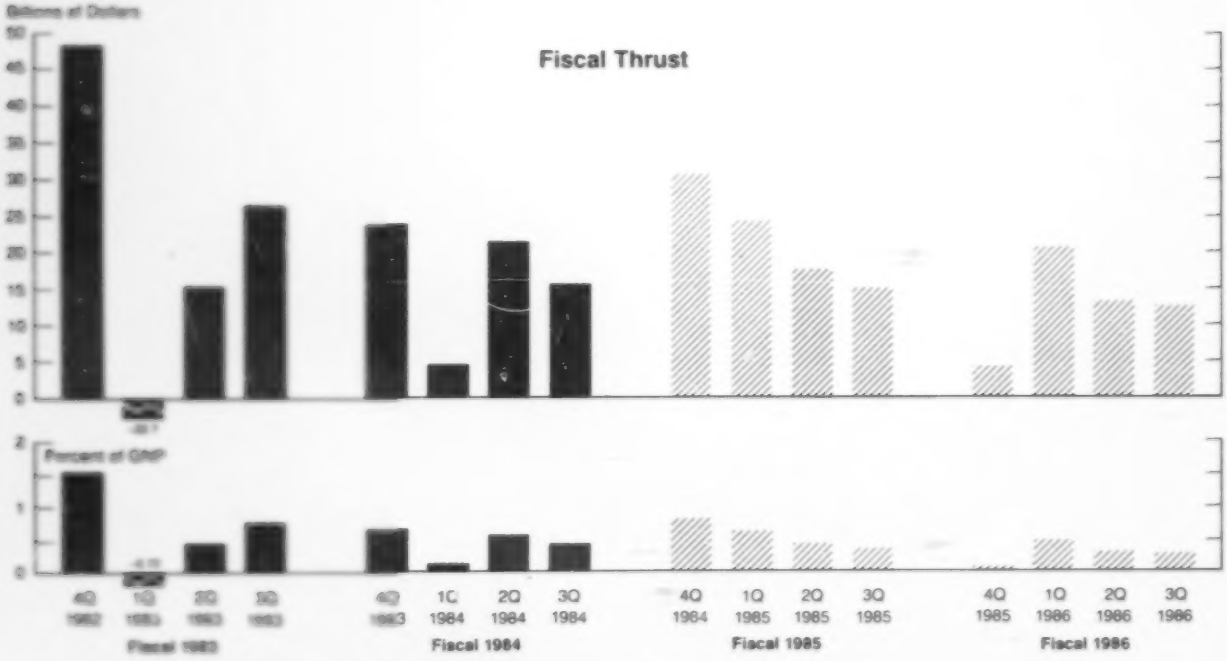
Indexes: 1980-82 = 100

Note: Nominal Effective Exchange Rates: Index numbers 1980-82 = 100. Each index shows a currency's trade-weighted appreciation or depreciation measured against fifteen other major currencies using averages of daily noon spot exchange rates in New York and bilateral trade weights based on 1980 trade in manufactures.

Source: Morgan Guaranty Trust Co.

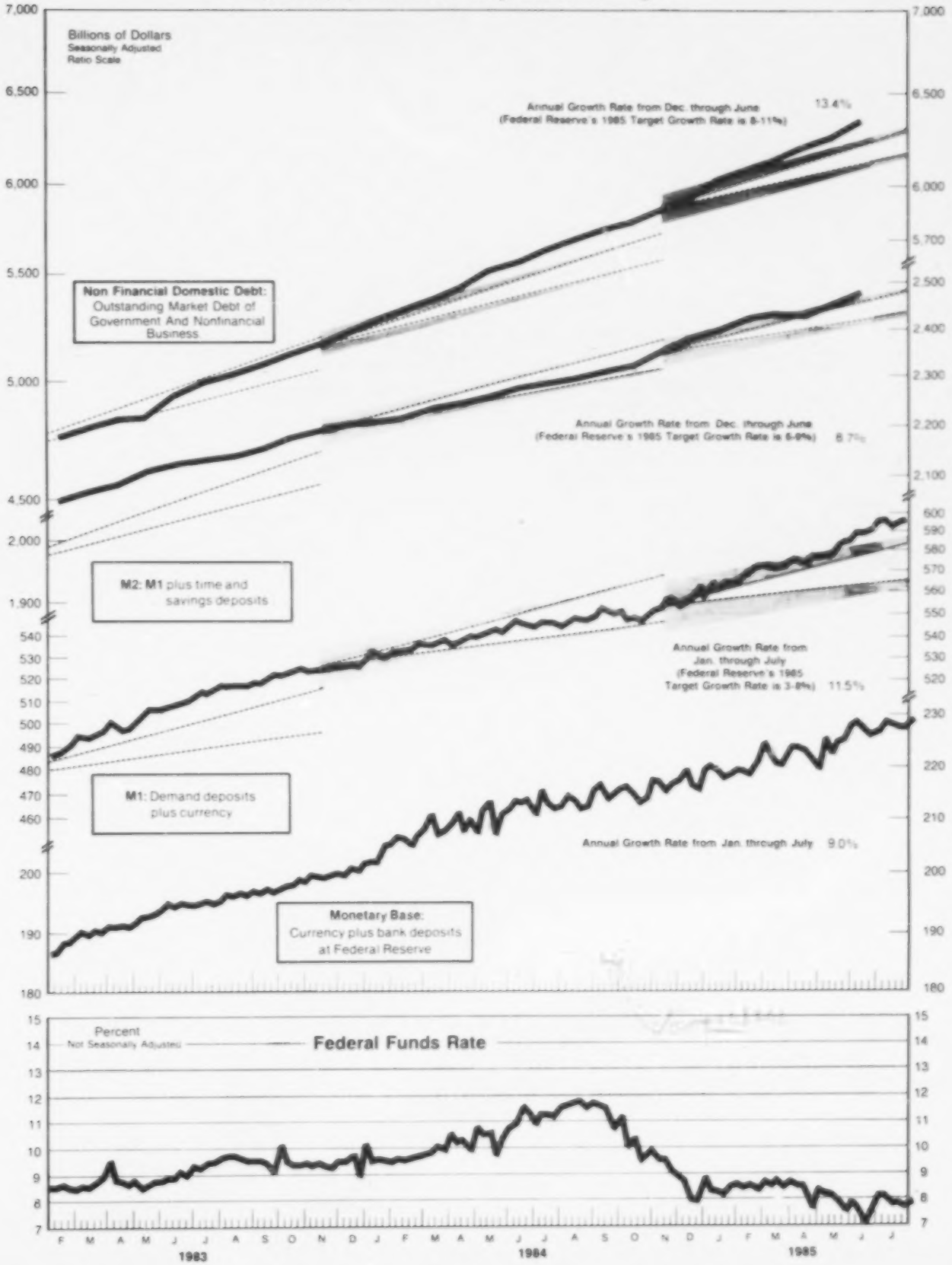
PERSPECTIVE ON THE FEDERAL BUDGET
(Billions of Current Dollars)

	Fiscal 1986		Fiscal 1987		Fiscal 1988	
	Administration's Proposal	Congressional Resolution	Administration's Proposal	Congressional Resolution	Administration's Proposal	Congressional Resolution
	(4/15/85)	(8/13/85)	(4/15/85)	(8/13/85)	(4/15/85)	(8/13/85)
Receipts	**$ 794.3**	**$ 795.7**	**$ 864.6**	**$ 869.4**	**$ 949.6**	**$ 960.1**
Outlays	**971.7**	**967.6**	**1,025.4**	**1,024.1**	**1,092.9**	**1,073.1**
Deficit	**-177.4**	**-171.9**	**-160.8**	**-154.7**	**-143.3**	**-112.9**
Receipts by source	**794.3**	**795.7**	**864.6**	**869.4**	**949.6**	**960.1**
Individual income taxes	358.4	364.5	394.8	399.3	434.8	439.0
Social security	76.2	72.3	89.1	90.3	99.3	104.2
Corporate income taxes	286.7	285.4	309.1	306.1	345.0	343.4
Other receipts	71.0	73.5	71.6	73.7	70.5	73.5
Outlays by function	**971.7**	**967.6**	**1,025.4**	**1,024.1**	**1,092.9**	**1,073.1**
Social security and medicare	268.6	270.0	286.7	290.4	308.1	312.9
National defense	285.7	267.1	321.2	285.2	358.4	303.9
Income security	116.3	119.1	119.4	124.2	123.8	130.6
Health	34.9	34.9	35.7	37.8	37.4	40.7
Education and manpower	29.3	30.8	27.8	31.3	27.6	32.1
Transportation	25.9	25.8	25.3	27.7	24.5	28.1
Veterans' benefits	26.6	26.8	26.6	27.3	27.4	27.7
International affairs	18.0	18.9	16.9	17.3	16.1	16.4
Agriculture	13.2	15.6	10.1	16.2	9.5	13.7
Natural resources	11.8	13.0	10.7	12.8	10.7	13.0
General science	9.3	8.9	9.4	8.9	9.6	9.0
Justice	6.6	6.8	6.6	7.0	6.7	7.2
Community development	7.3	8.0	6.4	7.3	5.8	6.8
General government	4.8	5.5	4.9	5.2	5.0	5.5
Commerce, housing credit	2.6	3.7	- 0.9	3.4	- 1.7	5.2
Energy	3.3	5.6	3.4	5.2	2.2	4.5
Revenue sharing	2.8	6.5	1.7	3.2	1.7	2.1
Interest	141.3	142.3	151.8	152.5	157.5	155.0
Allowances	0.4	- 1.7	0.7	- 1.7	1.8	- 0.5
Offsetting receipts	-37.0	-39.9	-39.0	-37.1	-39.1	-40.9



Note: The Conference Board has developed estimates of fiscal thrust which measure the initial economic impact of the budget which then results in subsequent rounds of spending associated with the "multiplier effect" within the private sector of the economy. For more complete description, see Michael Levy, *The Federal Budget: Its Impact on the Economy* (FA-II, The Conference Board, New York, 1985).

Money Supply and Monetary Growth Targets


Billions of Dollars
Seasonally Adjusted
Ratio Scale
Annual Growth Rate from Dec. through June 13.4%
(Federal Reserve's 1985 Target Growth Rate is 8-11%)
Non Financial Domestic Debt:
Outstanding Market Debt of
Government And Nonfinancial
Business
Annual Growth Rate from Dec. through June 8.7%
(Federal Reserve's 1985 Target Growth Rate is 6-9%)
M2: M1 plus time and
savings deposits
Annual Growth Rate from
Jan. through July
(Federal Reserve's 1985
Target Growth Rate is 3-8%) 11.5%
M1: Demand deposits
plus currency
Annual Growth Rate from Jan. through July 9.0%
Monetary Base:
Currency plus bank deposits
at Federal Reserve
Percent
Not Seasonally Adjusted
Federal Funds Rate
F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J
1983
1984
1985

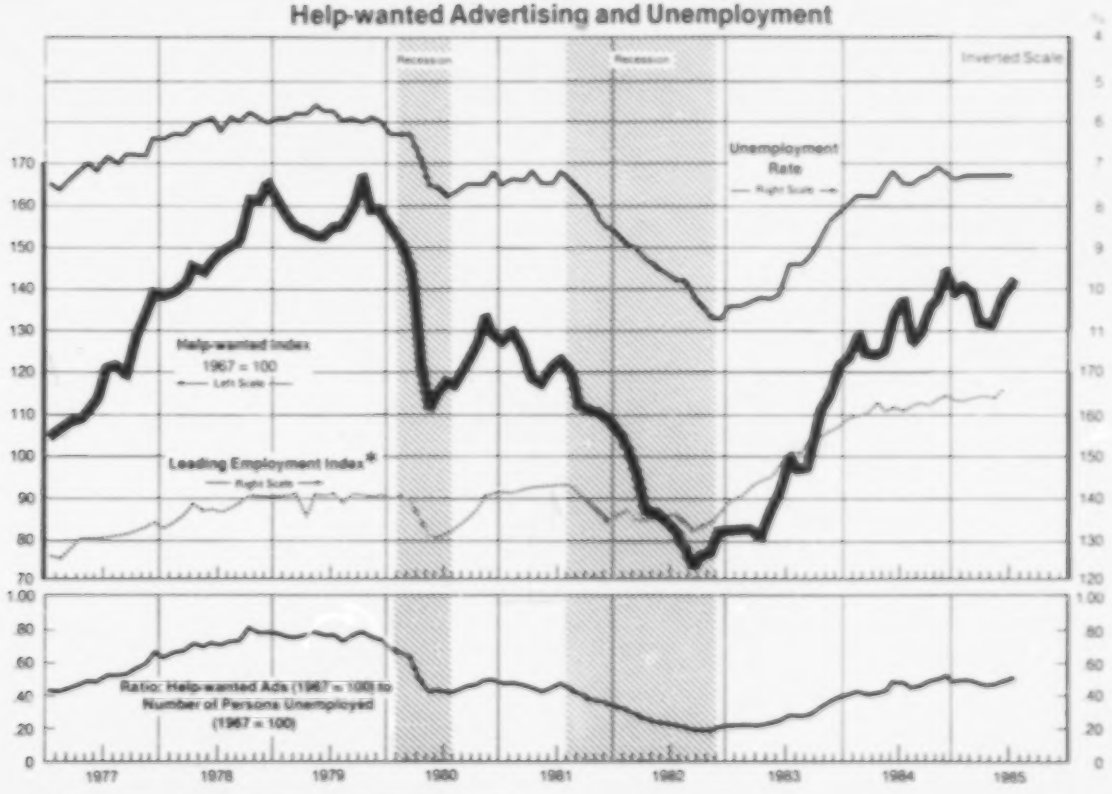
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEXES

Seasonally Adjusted Indexes, 1967 = 100

Locality	1985 June	1985 May	1985 Apr.	1984 June
National Index	138	131	131	134
New England	153	145	149	150
Boston	166	160	161	164
Hartford	138	132	151	149
Providence	124	102	103	103
Middle Atlantic	69	63	62	64
Albany	176	155	149	136
Allentown	176	144	174	161
New York	54	53	53	54
Philadelphia	61	52	49	56
Pittsburgh	72	64	61	57
Rochester	86	78	79	76
Syracuse	112	104	97	110
East North Central	90	85	83	81r
Chicago	99	96	94	101
Cincinnati	147	124	101	107
Cleveland	61	56	58	56
Columbus	134	121	130	105
Dayton	91	79	79	68
Detroit	64	63	64	52
Gary	113	110	87	99
Indianapolis	90	88	85	88r
Milwaukee	57	49	50	52
Toledo	112	108	112	87
West North Central	94	82	84	87
Kansas City	145	111	117	119
Minneapolis	75	73	75	79
Omaha	124	114	120	115
St. Louis	73	64	64	69
South Atlantic	172	162r	157	161
Atlanta	303	276	271	292
Baltimore	127	141	111	114
Charlotte	143	130	139	139
Jacksonville	216	210	192	197
Miami	79	70r	74	80r
Richmond	105	120	119	111
Washington, D.C.	178	158	162	156
East South Central	148	137	143	130
Birmingham	166	141	138	141
Knoxville	194	204	207	181
Louisville	98	89	77	78
Memphis	106	109	108	113
Nashville	208	181	231	168
West South Central	253	236	235	299
Dallas	343	322	322	440
Houston	303	284	280	354
New Orleans	114	103	104	141
Oklahoma City	155	142	140	176
San Antonio	219	213	211	210
Tulsa	168	146	149	174
Mountain	326	315	314	309
Denver	207	194	212	215
Phoenix	484	475	475	430
Salt Lake City	334	326	287	319
Pacific	191	189	194	185
Los Angeles	140	136	143	143
Sacramento	350	355	342	293
San Bernadino	195	173	221	149
San Diego	431	422	435	385
San Francisco	193	199	193	198
Seattle	182	179	175	178
Percentage of papers with rising volume	88	43	22	64
Unemployment rate	7.3	7.3	7.3	7.2

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised N.A.—not available

Help-wanted Advertising and Unemployment



* Source: Center for International Business Cycle Research, Columbia University

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1969-1970 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1983	58.0	65.8	77.1	80.3	84.0	84.9	84.7	84.6	84.8	85.7	90.2	95.1
1984	98.4	95.7	94.5	97.9	95.2	97.1	91.0	91.9	91.0	91.5	96.8	85.9
1985	95.4	95.6	87.8	93.1	87.2	91.5	92.4p					

Buying Plans Index

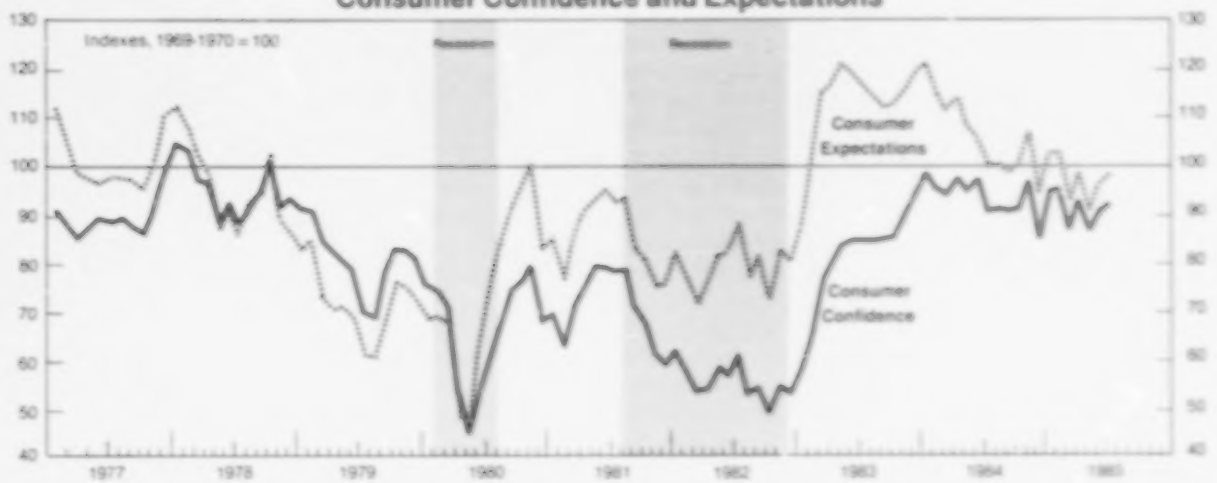
1983	71.9	75.8	87.9	86.0	85.2	103.6	100.5	89.9	113.5	109.9	106.9	108.5
1984	101.4	108.0	103.9	99.4	105.1	121.6r	94.5	100.6	93.3	98.5	102.7	99.2
1985	102.3	107.1	113.8	101.4	88.8	107.6r	88.9p					

Confidence Index measures consumer optimism in appraising economic conditions. Buying plans Index is based on intentions to purchase cars, homes, appliances. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary r—revised

Consumer Confidence and Expectations



CONFERENCE BOARD ESTIMATES OF DISCRETIONARY PURCHASING POWER AND SPENDING

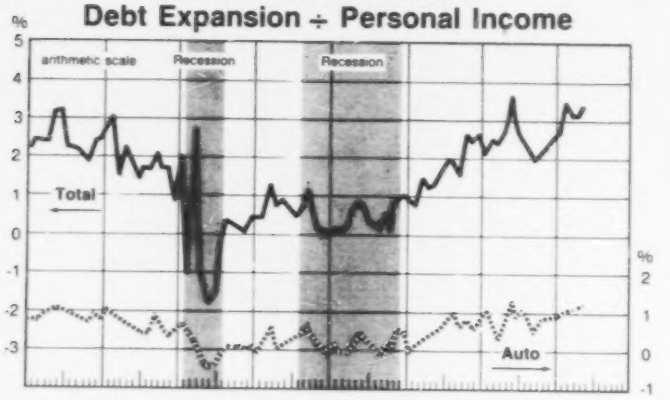
Billions of Current Dollars (Seasonally Adjusted at Annual Rates)

		Aggregate Purchasing Power (APP)	Discretionary			Ratios			
			Purchasing Power (DPP)	Spending (DSP)	Saving (DSA)	(DSP)/(DPP)	(DSP)/(APP)	Total Saving/ (APP)	Net Saving/ Income After Taxes
1978	IV	$1714.9	$604.0	$437.0	$167.0	72.3%	25.5%	14.0%	8.5%
1979	I	1758.5	621.0	435.3	185.8	70.1	24.8	14.0	7.5
	II	1846.3	660.4	433.4	226.9	65.6	23.5	16.3	10.5
	III	1865.0	651.0	451.8	199.2	69.4	24.2	14.2	8.8
	IV	1903.1	642.3	466.9	175.3	72.7	24.5	13.1	9.0
1980	I	1999.7	702.4	479.4	223.0	68.3	24.0	15.2	10.4
	II	1942.3	600.7	454.5	146.3	75.7	23.4	12.5	11.4
	III	2085.1	698.2	474.4	223.8	67.9	22.8	15.5	11.8
	IV	2147.6	735.9	497.5	238.3	67.6	23.2	14.9	10.8
1981	I	2180.1	732.3	520.4	211.9	71.1	23.9	13.6	10.0
	II	2235.7	740.6	514.5	226.0	69.5	23.0	14.7	10.4
	III	2317.8	771.2	525.3	246.0	68.1	22.7	15.5	12.4
	IV	2289.4	739.2	520.2	219.0	70.4	22.7	13.7	12.0
1982	Ir	2293.4	719.1	530.1	189.0	73.7	23.1	12.2	10.7
	IIr	2344.3	731.9	542.9	189.0	74.2	23.2	12.8	10.5
	IIIr	2424.8	762.9	549.5	233.4	70.2	22.7	14.1	12.3
	IVp	2458.0	799.0	577.0	222.0	72.2	23.5	13.3	10.3

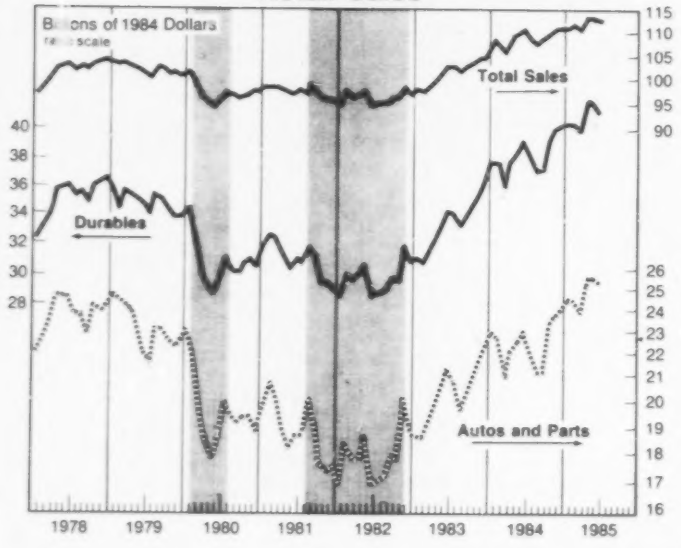
Note: For an explanation of discretionary purchasing power and spending, see the Sept., 1981 issue of the *Statistical Bulletin*.

P—Preliminary R—Revised

Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales



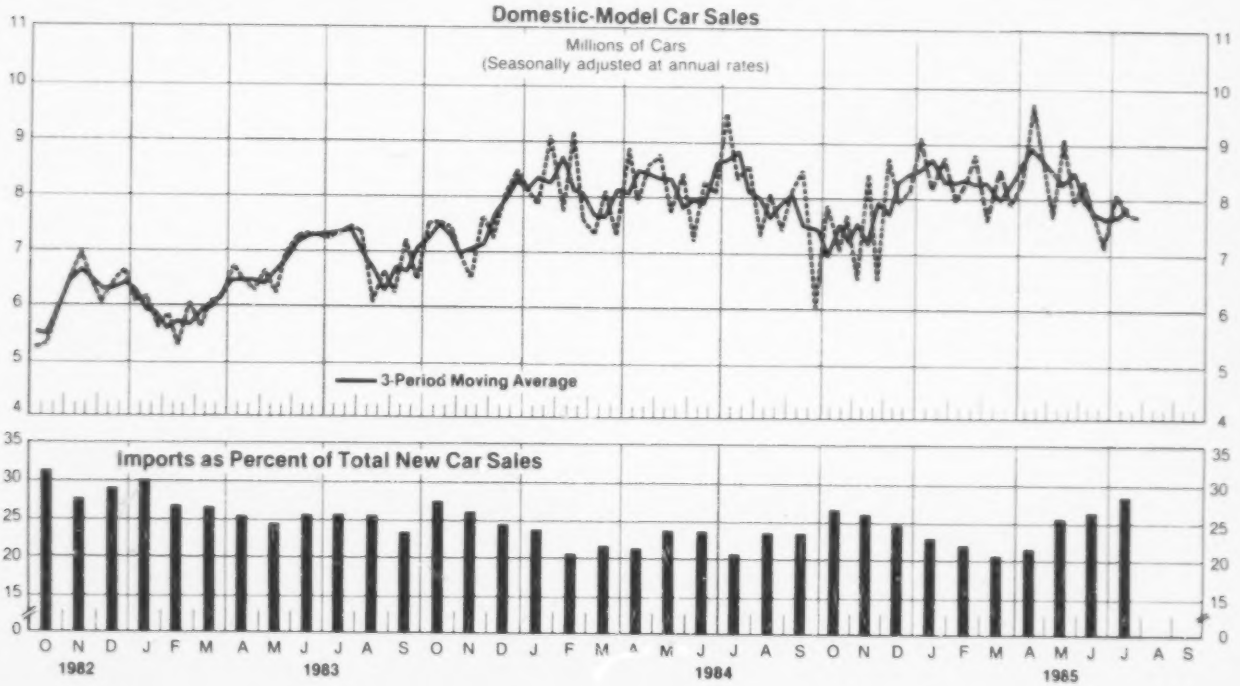
CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1982	1983	1984	1985
January:	1-10	5.53	6.17	8.16	9.14
	11-20	5.59	6.20	7.84	8.16
	21-31	5.14	5.60	9.15	8.78
February:	1-10	6.10	5.86	7.79	7.97
	11-20	6.03	5.30	9.17	8.28
	21-28(29)	6.06	6.07	7.60	8.81
March:	1-10	5.46	5.61	7.35	7.60
	11-20	5.68	6.10	8.13	8.55
	21-31	6.17	6.19	7.35	7.86
April:	1-10	5.06	6.69	8.88	8.30
	11-20	6.14	6.52	7.96	9.76
	21-30	5.62	6.35	8.60	8.73
May:	1-10	6.31	6.67	8.75	7.65
	11-20	6.53	6.30	7.74	9.13
	21-31	5.77	6.97	8.43	7.88
June:	1-10	6.00	7.23	7.22	8.35
	11-20	4.24	7.34	8.25	7.67
	21-30	4.56	7.28	8.10	7.10
July:	1-10	4.98	7.25	9.51	8.09
	11-20	5.56	7.36	8.32	7.71
	21-31	5.34	7.43	8.59	7.69
August:	1-10	5.27	7.39	7.33	
	11-20	5.00	6.11	8.07	
	21-31	5.72	6.65	7.43	
September:	1-10	5.16	6.26	8.13	
	11-20	6.75	7.21	8.52	
	21-30	6.11	6.55	6.03	
October:	1-10	5.22	7.52	7.83	
	11-20	5.36	7.56	7.07	
	21-31	5.91	7.45	7.70	
November:	1-10	6.56	6.96	6.60	
	11-20	6.98	6.55	8.44	
	21-30	6.48	7.62	6.57	
December:	1-10	6.03	7.30	8.75	
	11-20	6.45	8.09	7.96	
	21-31	6.64	8.48	8.19	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic-Model Car Sales


Millions of Cars
(Seasonally adjusted at annual rates)
3-Period Moving Average
Imports as Percent of Total New Car Sales
O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S
1982
1983
1984
1985